



AGREEMENT OF SALE OF BUSINESS

This Agreement of Sale of Business ("Agreement") is made on October __, 1998 between American Electronics, Inc. ("Seller") and D/A Pacific, Inc., a California corporation ("Buyer").

RECITALS

WHEREAS, Seller (i) manufactures and sells certain 16mm cameras; and (ii) sells and processes film cartridges for such cameras under the name "Micro•Check"; and,

WHEREAS, Seller desires to sell all of the assets of the film sales and processing business to Buyer, and Buyer desires to purchase all of the assets of the film sales and processing business from the Seller.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Purchase and Sale of Business

Seller shall sell to Buyer, and Buyer shall purchase from Seller, on the terms and conditions set forth in this Agreement, the following property of the film sales and processing business:

- (a) All the furniture, fixtures, equipment, and other tangible assets shown on the attached inventory marked "Exhibit A" attached hereto and by this reference made a part hereof; and
- (b) Seller will share with Buyer the current Micro•Check 16mm film processing customer list, provided that the Buyer agrees not to compete by selling Micro•Check cameras to customers from the list.

2. Condition of Tangible Assets

Buyer agrees to inspect all of the fixtures, equipment, and other tangible assets shown on the attached inventory marked "Exhibit A" that are being sold to Buyer, and to accept them in an "as is" condition.

3. Purchase Price

The purchase price shall be allocated as follows:

- | | | |
|----|-------------------------------------|--------------------|
| 1. | Furniture, fixtures, and equipment: | \$ 5,000.00 |
| 2. | Goodwill: | \$30,000.00 (min.) |

The payment for the goodwill shall be made from a percentage of the monthly sales equaling fifteen percent (15%) of the gross sales of 16mm film and processing to purchasers set forth on Exhibit B (or any additions thereto) for a period of three (3) years from the execution of this Agreement, but in no event shall payments to Seller be less than \$10,000.00 for any single year during the three year period. Payments shall be made on a quarterly basis to the address and in the manner set forth in Paragraph 13, below.

4. Time and Place of Sale

The sale and purchase of said property and 16mm Micro•Check film processing cartridge sales pursuant to this Agreement shall be as of the date of signing of this Agreement.

5. Bill of Sale

Seller hereby agrees to execute a bill of sale for all equipment, and the rights to solely process and distribute 16mm film installed in Micro•Check cartridges.

6. Report of Sales

Buyer shall furnish the Seller quarterly a report of all sales of 16mm film products (cassettes) to Seller's pre-existing and future customer base. Upon request, Buyer shall allow Seller to audit such reports and shall provide Seller (officers of company) with access to all of its records and personnel for the purpose of such audit.

7. No Representations or Warranties - except as provided in this agreement

The Seller makes no representations or warranties of any kind to the Buyer.

8. Confidential Information

Exhibit B (and any additions thereto) shall be a trade secret and be deemed as confidential information shared by Buyer and Seller.

9. Limitation of Liability

Seller shall not be liable for consequential, incidental, indirect or special damages under any circumstances. Seller's liability shall not exceed \$5,000 under any circumstances.

10. Agreement Not To Compete

During the three year payment period set forth in Paragraph 3 above, Seller shall not, directly or indirectly, engage in the sale or processing of Micro•Check 16mm film, except that Seller may include one (1) Micro•Check 16mm film cartridge in the initial sale of any new or refurbished Micro•Check 16mm camera.

11. Entire Agreement

This Agreement constitutes the entire agreement between Buyer and Seller concerning their rights and obligations with respect to the sale and purchase of the business. Any agreements or representations respecting the business or its sale to Buyer not expressly set forth in this Agreement shall have no effect, unless such written agreement or modification is signed by both parties.

12. Amendment of Agreement

This Agreement may be amended or modified at any time with respect to any provision by a written instrument executed by Buyer and Seller.

13. Attorneys' Fees

If Buyer or Seller brings any legal action or seeks arbitration regarding any provision of the Agreement, the prevailing party in the litigation or arbitration shall be entitled to recover reasonable attorneys' fees from the other party, in addition to any other relief that may be granted. Buyer and Seller were each represented by an attorney in the negotiation and execution of the Agreement.

14. Notices

Any notice required or permitted to be given under this Agreement shall be written, and may be given by personal delivery or by registered or certified mail, first-class postage prepaid, return receipt requested. Notice shall be deemed given upon actual receipt in the case of personal delivery, or upon mailing. Mailed notices shall be addressed as follows, but each party may change address by written notice in accordance with this paragraph.

To Buyer: D/A Pacific, Inc.
75-101 Sego Ln., Suite H
Palm Desert, CA 92211

To Seller: Ducommun, Inc.
111 W. Ocean Blvd, Suite 900
Long Beach, CA 90802

15. Assignment Prohibited

Neither Buyer nor Seller shall assign any right or interest arising under this Agreement without the prior written consent of the other.

16. Binding on Heirs

This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Buyer and Seller.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the State of California.

18. Authority

The undersigned hereby warrant that they are legally authorized to and entitled to enter into this Agreement, and that each person signing this Agreement on behalf of an entity specifically represents that he/she has the full and unconditional authority to do so.

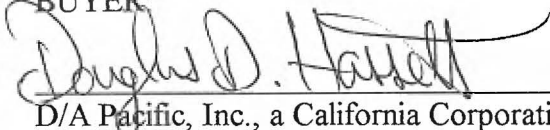
Executed this 19 day of October, 1998

SELLER:



American Electronics, Inc.
by Bill Holland, President

BUYER:



D/A Pacific, Inc., a California Corporation
by Doug Hassett, President